Office of Chief Counsel Internal Revenue Service

memorandum

CC:LM:CTM:SEA:TL-N-4053-01 CAGoodson

COPY SENT VIA FACSIMILE (208) 334-9653

date: JUL 2 3 2001

to: Wendy K. Reed, Revenue Agent Internal Revenue Service, LMSB Boise, Idaho

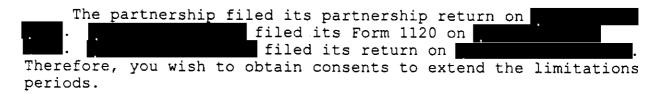
subject: a Limited Partnership
Form 872 Signature Blocks

Non-Precedential Statement

This memorandum should not be cited as precedent.

FACTS

In	,		
h	ad three partners: (1)	
;	(2)	's subsidiary,	
	; and (3)		
,			was a
subsidiary in	the		
,	consolidated gro	up.	
	<u> </u>		
You are e	examining: (1) the		partnership
return; (2)	's co	rporate consolidat	
(which include	s , in	ncluding its share	of the
	partnership items,	; and (3)	's
corporate cons	olidated return, ind	cluding its share	of the
	partnership items.		,
•			



You cannot obtain consents directly from the partners because they were all purchased by (the parent, rather than any of its subsidiaries) and then dissolved. In purchased and its subsidiaries. In purchased purchased and its subsidiaries. On purchased the entities.

The partnership identified ______ as its tax matters partner (TMP). However, as stated, dissolved _____ on ____ . Neither the Service nor the partnership has appointed a substitute TMP.

agrees that it is liable as a successor to the partners for whatever taxes are due from the partners' interests in the partnership.

Given these facts, you asked us how to identify the taxpayers (first line on the consent forms) and who should sign and in what capacity.

DISCUSSION

The first issue is whether TEFRA applies. Small partnerships are excepted from TEFRA unless a valid consent is made under I.R.C. \$ 6231(a)(1)(B)(ii); Treas. Reg. \$ 301.6231(a)(1)-1T(b). A small partnership has ten or fewer partners, and for taxable years ending after August 5, 1997, a C corporation may be a partner in a small partnership. I.R.C. \$ 6231(a)(1)(B)(i).

Here, the partnership had three corporate partners. Both the partnership's and the partners' tax years ended in the partnership did not elect to be covered by TEFRA. Therefore, TEFRA does not apply. This means that all partnership adjustments must be made directly to each individual partner's return. Further, the limitations periods for adjusting partnership items will be determined with respect to each individual partner.

We recommend you use Form 872-I, Investor Level Consent to Extend the Time to Assess Tax and Tax Attributable to Items of a Partnership. This form will keep the limitations periods open

non-TEFRA partnership items, and any potential (currently unknown) TEFRA partnership items.

Another issue relates to which entities should be named on the consents. As a general rule, the common parent of a consolidated group is "the sole agent for each subsidiary in the group" and "no subsidiary has authority to act for or to represent itself in any such matter." Treas. Reg. § 1.1502-77(a). Here, Partner was a subsidiary in the consolidated group. Further, Partner was a subsidiary in the consolidated group. is the successor to all of these entities. The consents should describe these relationships.

Based on the above, we recommend you obtain two Forms 872-I, as follows:

1. <u>and</u>

The caption (top of the Form 872-I) should state:

successor to both , as agent for the consolidated group.*

You should add the following to the bottom of the Form 872-I:

*This is with respect to

and

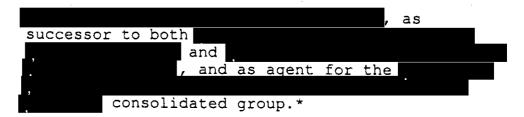
several liabilities for the consolidated federal income tax of the consolidated group for the group's taxable year ending (fill in date), including but not limited to several partners in several seve

The signature block should appear as follows:

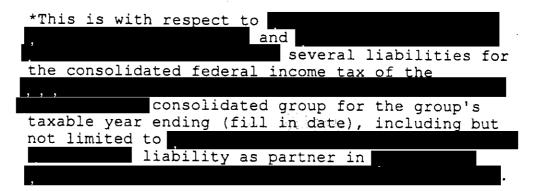
, by [name of a figure of officer, title].

2. 's Form 872-I

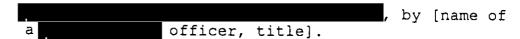
The caption (top of the Form 872-I) should state:



You should add the following to the bottom of the Form 872-I:



The signature block should appear as follows:



If our understanding of the facts (e.g., the relationships between the entities, the entities' exact names and EINs,
's agreement that it is liable as a successor corporation) is incorrect, please let us know.

If you have any questions or if you should need any

If you have any questions, or if you should need any additional information, please contact us at 206-220-5951.

DISCLOSURE STATEMENT

This writing may contain privileged information. Any unauthorized disclosure of this writing may have an adverse effect on privileges, such as the attorney client privilege. If disclosure becomes necessary, please contact this office for our views.

ROBERT F. GERAGHTY
Associate Area Counsel
(Large and Mid-Size Business)

Ву:				
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	Attorr	nev	(LMSB)	